GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:798
ANSWERED ON:17.08.2007
LOANS TO SMALL AND MARGINAL FARMERS
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Will the Minister of FINANCE be pleased to state:

(a) whether according to World Bank estimates, 80 percent of marginal farmers and 70 percent of small farmers have no access to loan from financial institutions/banks;

(b) if so, the facts thereof;

(c) whether this has resulted in more suicides by fanners; and

(d) if so, the details thereof and the reaction of the Government thereto?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a)&(b) : World Bank, in its report on `India Scaling-up Access to Finance for India`s Rural Poor has mentioned that some 66 per cent of large farmers have a deposit account and only 44 per cent have access to credit. Some 87 per cent of the poorest households (marginal fanners) surveyed do not have access to credit, and 71 per cent do not have access to savings from a formal source.

As per the Report published in 2003 on the `Indebtedness of Farmer Households` (as part of Situation Assessment Survey of Farmers - 59 Round) by NSSO, Ministry of Statistics and Programme Implementation, out of 89.35 million, farmer households, 43.42 million ;48.6%) were reported to be indebted. Resultantly, 51.4% of the farmer households had no access to credit from any source - institutional or non-institutional.

(c) & (d) : Inability of farmers to repay the debt is one of the many reasons for farmers committing suicide in the country. The other reasons are excessive borrowing from non-formal sources, social tension, continuous drought affecting farm yield and their income, emerging changes in social milieu and alienation of the individuals from family and society.

The Government has announced a relief package in 31 debt stressed districts in the four state of Maharashtra (06), Andhra Pradesh (16), Karnataka (06) and Kerala(03) from where maximum number of suicide cases were reported. Waiver of entire interest on overdue loans as on 01.07.2006 is one component of the Relief Package. These overdue loans have been rescheduled over a period of 3-5 years with a moratorium of one year. Enhanced flow of agriculture credit has also been ensured in such districts.